

# AZ HEALTH CARE COST CONTAINMENT SYSTEM - LONG-TERM CARE A.R.S. § 36-2901

General Fund, County and Federal Funds		FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
ALTCS Lump Sum Appropriation	(SM)	150,389,500	167,436,200	174,917,500	192,361,500
	(TF)	423,039,700	488,205,200	516,834,600	568,039,100
Board of Nursing	(SM)	39,800	68,300	68,300	68,300
	(TF)	112,000	209,700	209,700	209,700
<b>Total Appropriations</b>	(SM)	<b>150,429,300</b>	<b>167,504,500</b>	<b>174,985,800</b>	<b>192,429,800</b>
	(TF)	<b>423,151,700</b>	<b>488,414,900</b>	<b>517,044,300</b> <sup>1/2/</sup>	<b>568,248,800</b> <sup>1/2/</sup>
<b>Fund Summary</b>					
General Fund		5,728,800 <sup>3/</sup>	12,759,500 <sup>4/</sup>	20,397,800 <sup>4/5/6/</sup>	35,014,600 <sup>4/5/6/</sup>
County Funds		144,700,500	154,745,000	154,588,000	157,415,200
Federal Funds		272,722,400	320,910,400	342,058,500	375,819,000
<b>Total Appropriations</b>		<b>423,151,700</b>	<b>488,414,900</b>	<b>517,044,300</b>	<b>568,248,800</b>

SM = State Match, and consists of the state General Fund and County Funds.  
TF = Total Funds, and represents the sum of the State Match and Federal Funds.

**Program Description** — *The Arizona Long-Term Care System (ALTCS) was established in 1989 to provide federal Medicaid long-term care services to persons meeting federally-prescribed income and resource standards and at risk of being institutionalized. Prior to FY 1998, ALTCS program costs were funded entirely with county and federal dollars. Beginning in FY 1998, the state and the counties will share in the cost of ALTCS program growth. The state continues to fund the non-federal share of the administrative cost of ALTCS. The AHCCCS Administration conducts ALTCS eligibility and is also responsible for contracting with providers. As in the Acute Care program, providers receive a monthly capitation payment that covers the full range of ALTCS services, including acute medical services.*

**Lump Sum Appropriation** — The approved FY 2000 amount is based on 18,092 average annual member years and an average cost of \$2,382 per member per month. The approved amount reflects the cost of Capitation, Fee-for-Service, Reinsurance, Medicare Premiums, and Nurse Aid Training costs. The estimate reflects a projected increase in population of 6.5%, coupled with a 3.5% cost increase for medical inflation.

The approved FY 2001 amount is based on 19,223 average annual member years and an average cost of \$2,462 per member per month. This reflects a projected increase in population of 6.25% and a 3.5% cost increase for medical inflation.

**Board of Nursing** — The Special Line Item reflects amounts to be passed through to the Board of Nursing for the cost of administering the Nurse Aid Training program.

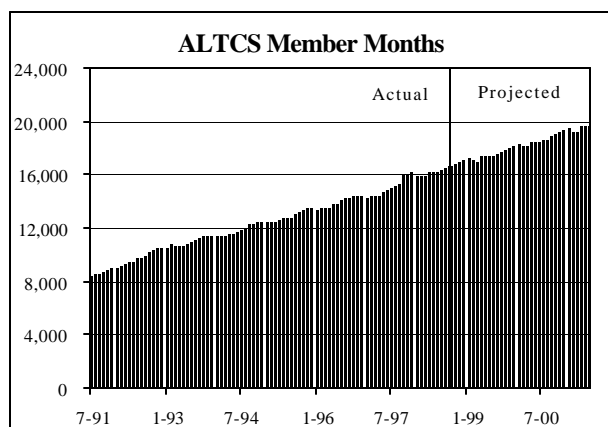
**Demographic and Funding Information** — *Chart 1* on the following page shows the actual and forecasted population growth of the ALTCS program. As the chart shows, the ALTCS population has been growing at a linear rate of 7% to 9% per year. In October 1997, a contract change shifted some ALTCS members from Fee-for-Service to Capitation, causing a jump in member months that did not reflect an increase in program participation.

*Table 1* on the following page shows estimated ALTCS contributions for each county and the General Fund for FY 2000 and FY 2001. Until FY 1998, the counties were

- <sup>1/</sup> Any Federal Funds that the Arizona Health Care Cost Containment System Administration passes through to the Department of Economic Security for use in long-term administration care for the developmentally disabled shall not count against the Long-Term Care expenditure authority above. (General Appropriation Act footnote)
- <sup>2/</sup> General Appropriation Act funds are appropriated by Special Line Items for the Program.
- <sup>3/</sup> Appropriated by Laws 1997, Chapter 2, 2<sup>nd</sup> Special Session.
- <sup>4/</sup> Pursuant to A.R.S. § 11-292B, the FY 2000 non-federal portion of the costs of providing Long-Term Care System services is \$174,985,800. The state contribution is \$20,397,800 and the county contribution is \$154,588,000. The FY 2001 nonfederal portion of the costs of providing long-term care services is \$192,429,800. The state contribution is \$35,014,600 and the county contribution is \$157,415,200. General Appropriation Act footnote)
- <sup>5/</sup> This amount represents a direct appropriation. All other expenditures are part of total expenditure authority.

## ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - LONG-TERM CARE (Cont'd)

**Chart 1**



responsible for 100% of the non-federal share of ALTCS program costs.

The counties requested state assistance because ALTCS costs were growing faster than county revenues. Pursuant to Laws 1997, Chapter 2, 2<sup>d</sup> Special Session, from FY 1998 onward, the state and the counties share in the growth of the program. In addition, this legislation has several provisions that address prior inequities among the counties' contributions. From FY 1989 through FY 1997, each county contributed to ALTCS according to percentages defined in statute which were based on that county's long-term care expenditures in FY 1988. These percentages were outdated and resulted in some counties subsidizing other counties' ALTCS expenditures.

The provisions of the ALTCS redistribution legislation are summarized below:

- Chapter 2 requires county contributions to be based on the county's current share of ALTCS expenditures rather than percentages defined in statute, which were based on FY 1988 data. This provision is phased in over 4 years, beginning in FY 1998;
- Limits each county's ALTCS contribution to 90 cents per \$100 of net assessed property value;
- Limits the contributions of counties with an "On-Reservation" population that represents at least 20% of the county's total population; and
- Limits the contribution of counties that would pay more under provisions described above than under the old statutory percentages.

The FY 2000 approved amount includes a General Fund ALTCS contribution of \$20,397,800, which is an increase of \$7,638,300 above the FY 1999 appropriation. The FY 2001 approved amount includes a General Fund contribution of \$35,014,600, which is an increase of \$14,616,800 above the FY 2000 level.

The approved amount also includes a county contribution of \$154,588,000 for Long-Term Care, which is a decrease of \$(157,100) from the estimated FY 1999 contribution. The approved FY 2001 amount includes a county contribution of \$157,415,200, which is an increase of \$2,827,200 above the estimated FY 2000 contribution.

**Table 1**

### STATE AND COUNTY ALTCS CONTRIBUTIONS

	<u>FY 2000</u>		<u>FY 2001</u>	
	<u>Approved</u>		<u>Approved</u>	
	<u>Contribution</u>	<u>% Change</u>	<u>Contribution</u>	<u>% Change</u>
Apache	\$356,400	2.4%	\$375,600	5.4%
Cochise	4,116,800	4.5	4,172,200	1.4
Coconino	1,069,200	2.4	1,126,700	5.4
Gila	2,544,800	(1.5)	2,413,900	(5.2)
Graham	710,900	(0.8)	747,300	5.1
Greenlee	347,500	(7.1)	279,300	(19.6)
La Paz	545,800	2.1	558,500	2.3
Maricopa	93,056,600	0.3	96,130,000	3.3
Mohave	4,295,900	0.1	4,364,000	1.6
Navajo	1,474,200	2.4	1,553,500	5.4
Pima	30,166,300	(1.7)	29,791,100	(1.2)
Pinal	5,237,300	(4.5)	5,021,100	(4.1)
Santa Cruz	1,395,000	(2.6)	1,316,000	(5.7)
Yavapai	5,054,300	(2.4)	5,326,400	5.4
Yuma	4,217,100	2.1	4,239,500	0.5
Total County Funds	\$154,588,000	(0.1)%	\$157,415,200	1.8%
General Fund	20,397,800	59.9%	35,014,600	71.7%
<b>TOTAL STATE MATCH</b>	<b><u>\$174,985,800</u></b>	<b><u>4.5%</u></b>	<b><u>\$192,429,800</u></b>	<b><u>10.0%</u></b>

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- 3/ Appropriated by Laws 1997, Chapter 2, 2<sup>nd</sup> Special Session.
- 4/ Pursuant to A.R.S. § 11-292B, the FY 2000 non-federal portion of the costs of providing Long-Term Care System services is \$174,985,800. The state contribution is \$20,397,800 and the county contribution is \$154,588,000. The FY 2001 nonfederal portion of the costs of providing long-term care services is \$192,429,800. The state contribution is \$35,014,600 and the county contribution is \$157,415,200. General Appropriation Act footnote)
- 5/ This amount represents a direct appropriation. All other expenditures are part of total expenditure authority.